

1           A     Well, for a while. Long enough for us to test her.

2           Q     Now, the term "owned and operated companies" came up  
3 very early in your testimony with respect to questioning from  
4 Mr. Cohen, and what I wasn't clear from what transpired  
5 between you two was what understanding you have as to what  
6 might be considered an owned and operated company of Trinity?

7           A     When I used that, that, that phrase, I was referring  
8 to the deposition testimony where there was a conference  
9 between Mr. Topel and Mr. Cohen, and when they came back on  
10 the record, I think Mr. Topel stated, "Well, for the purposes  
11 of our discussion, owned and operated refer to those corpora-  
12 tions where there are similar boards," and then recited the,  
13 the Trinity Broadcasting stations -- there are a number of  
14 stations that have Trinity Broadcasting in the name -- and  
15 that's what I was referring to as, as -- just for the phrase,  
16 just for convenience, to refer to as "owned and operated."

17          Q     So "owned and operated" would not be your way of  
18 viewing, say, Trinity Broadcasting of Arizona's relationship  
19 with Trinity Broadcasting Network?

20          A     No, I wouldn't do that. Wouldn't say that.

21          Q     How would you, how would you characterize the  
22 relationship?

23          A     Affiliate.

24          Q     Affiliate.

25          A     Affiliate.

1       Q     All right, I'll, I'll try to keep that straight  
2 between us so that we have a mutual understanding. What  
3 factors would you consider to be pertinent in determining  
4 whether or not a company is an affiliate, as you have now  
5 described that term, of Trinity Broadcasting Network?

6       A     I think there are probably two ways that that can be  
7 used. One is a corporation that broadcasts at least a portion  
8 of the programming of Trinity Broadcasting; and then an affil-  
9 iate would also be one that would have common board members,  
10 members that would be the same as board members on Trinity  
11 Broadcasting.

12       Q     All right, for purposes of my questioning, let's,  
13 let's see if we can distinguish between those two and I'll,  
14 I'll try to do that. To the extent that I'm not clear, you  
15 can tell me; and to the extent you're not clear, I'll try to  
16 get you straight. When I want to specifically refer to an  
17 entity that has a program affiliation agreement and has no  
18 common board members, I will so refer to it as a program  
19 affiliate.

20       A     Fine.

21       Q     If I use the word "affiliate" otherwise, it will be  
22 as you have defined it, and that is an entity that has -- is  
23 it one, or more, or -- common board members? Is there some  
24 delineation here?

25       A     I would, I would normally think of it when they

1 would have all of the board members of Trinity would be board  
2 members of that corporation.

3 Q Hmm. What -- how would you view a corporation,  
4 then, that has less than, than the, the board members of the  
5 second corporation -- let me, let me start this over. Let me  
6 start that over again. How would you view a corporation where  
7 only one or two but not all of Trinity's board members are  
8 also board members of this second corporation? Would that  
9 corporation be an affiliate or is that corporation then some-  
10 thing else?

11 A It would be something else unless it was broadcast-  
12 ing Trinity programming.

13 Q In which case it would then be a program affiliate?

14 A Yes.

15 Q All right, so, in terms of your understanding, or  
16 how you refer to it, the true affiliate is one where all of  
17 Trinity Broadcasting Network's directors are on the board of  
18 the other corporation?

19 A Or it's broadcasting Trinity programs.

20 Q Okay, I don't -- I didn't mean to -- did I say  
21 program affiliate?

22 A No, I don't think you did.

23 Q Okay. I'm just trying to get a definition straight  
24 between us. Just an affiliate now, not a program affiliate,  
25 but your understanding of an affiliate is, is, is a corpora-

1 | tion where it has all of Trinity Broadcasting Network's board  
2 | members on its board?

3 |       A     Yes.

4 |       Q     Now, would that be regardless of whether those board  
5 | members, the Trinity board members that is, form the entirety  
6 | of the other board?

7 |       A     No, I think it would be -- if, if the, the -- all of  
8 | the Trinity board members were on the, were on the board, that  
9 | would be something we would call an affiliate.

10 |       Q     Would that be the case if the Trinity board members  
11 | constituted only 50 percent of the other board?

12 |       A     Yes.

13 |       Q     Would that be the case if the Trinity board members  
14 | constituted less than 50 percent of the other board?

15 |       A     I would think I would still refer to it as an affil-  
16 | iate.

17 |       Q     But an entity would not be an affiliate if, for  
18 | example, a majority of the Trinity board members also consti-  
19 | tuted a majority of the other board?

20 |       A     Sure, it would still be an affiliate.

21 |       Q     It would be an affiliate --

22 |       A     Oh, you mean -- no, no, not -- I'm assuming that all  
23 | of the, all of the Trinity board members are a part of the  
24 | other corporation's board.

25 |       Q     No, sir. I mean, my, my question is a majority.

1           A     Well, yeah, no, it wouldn't be an affiliate unless  
2 it had Trinity programming.

3           JUDGE CHACHKIN:  What is the basis for your under-  
4 standing?

5           MR. JUGGERT:  He just wanted to know how I would  
6 refer to the --

7           JUDGE CHACHKIN:  Yeah, but I'm just wondering what  
8 is this based on, just supposition, or based on -- what is it  
9 based on?

10          MR. JUGGERT:  I think that what it's -- what he's  
11 referring to is how I would -- I think we use the, the term  
12 affiliate periodically in, in minutes, and, and it's an  
13 in-house definition that we're referring to.  This isn't any  
14 legal definition.

15          BY MR. SHOOK:

16          Q     Well, as much as anything else, we wanted to under-  
17 stand what that in-house --

18          A     Sure.

19          Q     -- definition is.  Now, when Trinity Broadcasting  
20 Network began to expand, and the first expansion that, that I  
21 personally am aware of is the expansion into Phoenix,  
22 Arizona --

23          A     Yes.

24          Q     -- it chose to form a new corporation, Trinity  
25 Broadcasting of Arizona rather than acquire the license of a

1 | Phoenix station and the name of Trinity Broadcasting Network.

2 | Can you explain why that was the case?

3 |       A     As I recall, we were told by FCC counsel that it was  
4 | important to have local involvement and we wanted to have  
5 | local involvement in terms of a local corporation with a local  
6 | representative, which we, we did have at the beginning. We  
7 | had a doctor on the board to begin with. There was another  
8 | reason given to us, and that was liability.

9 |       Q     That liability reason was given by other than FCC  
10 | counsel?

11 |       A     No, it was given by FCC counsel.

12 |       Q     What was the explanation?

13 |       A     That if, if the -- for example, if Trinity  
14 | Broadcasting of Arizona was unable to pay its bills or were  
15 | sued, that at least the corporation in, in Los Angeles or, or  
16 | in, in Orange County would be protected, would not be liable.

17 |       Q     And that third person that you were referring to  
18 | with respect to Trinity Broadcasting of Arizona, does the name  
19 | "William F. Stewart" ring a bell?

20 |       A     That does ring a bell.

21 |       Q     That's the person you were referring to?

22 |       A     I believe, I believe it is. It was in our exemption  
23 | application that we provided.

24 |       Q     Now, I, I happened to be looking at the exemption  
25 | application.

1 A Yeah.

2 Q It's not a matter of evidence at this point; it may  
3 not need to be. I'm going to use this just to help each other  
4 along here. Back in the spring of 1976 when Trinity  
5 Broadcasting of Arizona filed the exemption application,  
6 there's a reference here to yourself, Dr. -- Reverend  
7 Paul Crouch, and William F. Stewart as being the directors of  
8 Trinity Broadcasting of Arizona. Does that comport with  
9 your --

10 A Yes.

11 Q -- recollection?

12 A Yes.

13 Q Now, those were the only three persons, yourself,  
14 Paul Crouch, and, and Mr. Stewart.

15 A Right.

16 Q Now, at that time, though, there were additional --  
17 there were persons other than Mr. Stewart, and yourself, and  
18 Reverend Crouch on the Trinity Broadcasting Network board,  
19 weren't there?

20 A I believe there were.

21 Q At that point there would have been at least  
22 Mr. Shakarian and Mr. Toberty?

23 A Again, I, I can't recall as to what their tenure  
24 was. I, I, I believe you're right.

25 Q All right, but what I'm getting at is that there

1 wasn't all of the Trinity board members, the Trinity -- the  
2 Trinity Broadcasting Network board --

3 A Uh-huh.

4 Q -- were not members of Trinity Broadcasting of  
5 Arizona, and that would be correct, wouldn't it?

6 A Yes, that's correct.

7 Q Now, was Trinity Broadcasting of Arizona a  
8 California corporation or an Arizona corporation?

9 A Arizona.

10 Q Did you have any involvement in the drafting of the  
11 articles of incorporation of Trinity Broadcasting of Arizona?

12 A I may have provided a copy of Trinity's articles to  
13 the attorney who did it.

14 Q Did you have anything to do with the drafting of the  
15 bylaws for Trinity Broadcasting of Arizona?

16 A I think I may have provided him with a, a form, a  
17 set of bylaws. Gordon Hutchison was the attorney.

18 Q Now, I recognize that a matter such as this is  
19 really calling upon your memory, and -- but my question is do  
20 you have any recollection as to whether you billed Trinity  
21 Broadcasting Network for legal advice or services in connec-  
22 tion with the formation of Trinity Broadcasting of Arizona, or  
23 would there have been -- would it have been your practice to  
24 bill the second corporation, Trinity Broadcasting of Arizona?

25 A With respect to the Trinity corporations, what I do,

1 | what I've done from the outset, is to send a bill for all of  
2 | my services to Trinity Christian Center, and then I carve out  
3 | that which is appropriate for the Trinity Broadcasting corpo-  
4 | rations, and I, I list how much is, is applicable to each of  
5 | those separate corporations.

6 |       Q     But this is in the course of sending one bill to  
7 | Trinity --

8 |       A     One --

9 |       Q     -- Broadcasting Network.

10 |       A     One bill to Trinity that covers all of the Trinity  
11 | Broadcasting corporations.

12 |       Q     And do you have any knowledge as to how Trinity  
13 | handles that bill in the sense of allocating the services that  
14 | you have provided?

15 |       A     I, I, I understand that they use it for accounting  
16 | purposes in the joint accounting statement to show the  
17 | expenses for that -- for each corporation separately.

18 |       Q     And that has been your understanding from --

19 |       A     Yeah, I believe that was from the, the, the, the --  
20 | from the first corporation to the present.

21 |       Q     Now, you and Paul Crouch have been directors of  
22 | Trinity Broadcasting of Arizona from its inception, correct?

23 |       A     That's right.

24 |       Q     How did it come to pass that you became a director  
25 | for Trinity Broadcasting of Arizona?

1           A     It was just agreed between Paul and myself that I  
2 would, I would go on that board.

3           Q     Now, in addition to Mr. Stewart, I want to list some  
4 names for you for persons who have served on the Trinity  
5 Broadcasting of Arizona board and you tell me if I've left  
6 anybody out.

7           A     Right.

8           Q     There's Mr. Stewart, there's Philip Crouch,  
9 Jane Duff, and Janice Crouch.

10          A     I think there have been some others. I think there  
11 may have been a, a station manager that was on that board for  
12 a period of time.

13          Q     It's my understanding that Philip Crouch was a  
14 station manager --

15          A     Right, but I'm talking about his, his successor.

16          Q     Um-hum, all right. Would, would that have been the  
17 only person that --

18          A     In fact, there may have been two successors to  
19 Philip Crouch there that were, were on the board.

20          Q     Both of whom, though, served as station managers  
21 of --

22          A     Station managers and board members.

23          Q     Very good. Now, how did it come about that  
24 Jane Duff became a director of Trinity Broadcasting of Arizona  
25 which, according to the information we have -- source of

1 reference here is Mass Media Exhibit 42, which is an unsigned,  
2 undated letter. I can just give you the date. That way you  
3 don't have to refer to it --

4 A Okay.

5 Q -- if you don't want to. It's a letter to the  
6 secretary of the Commission. It says, "Please be advised that  
7 on September 29, 1981, I was elected assistant secretary and a  
8 director of Trinity Broadcasting of Arizona, Inc. Sincerely,  
9 P. Jane Duff." Now, that is approximately a year after, just  
10 to help you from a time frame standpoint, approximately a year  
11 after Translator TV, Inc. was formed.

12 A Yes.

13 Q Now, do you have any knowledge, do you have any  
14 understanding, as to why Jane Duff became a director of  
15 Trinity Broadcasting of Arizona in late 1981, the summer of  
16 1981?

17 A I don't. I have no explanation.

18 Q And you were one of the persons who voted her on  
19 there, weren't you?

20 A Yes, and I, and I don't know why there was that  
21 delay.

22 Q All right, now, my question isn't so much concerned  
23 with the time difference as simply why she was added onto the  
24 board at all.

25 A The only reason she'd be added is that she was a

1 competent, very competent, person.

2 Q Well, would I be correct that she was essentially  
3 added because Paul wanted her on the board?

4 A Paul and myself.

5 Q But you don't remember why she was added to the  
6 board?

7 A I do remember that we both concluded that she was a  
8 very competent person, and that's our conclusion to this day.

9 Q Now, would I be correct that you prepared the  
10 Form 1023 to obtain tax exempt status for Trinity Broadcasting  
11 of Arizona?

12 A That would have been prepared by Gordon Hutchison.  
13 I may have had input on it.

14 Q You did not do the, what is it, the tax work for  
15 Trinity at that time? This was Mr. --

16 A I asked Mr. --

17 Q -- Hutchison?

18 A -- Hutchison to do it. He was a CPA and he also was  
19 familiar with the exemption procedures for Arizona.

20 Q All right, now, this is the federal form I'm refer-  
21 ring to.

22 A Yes, the 1023?

23 Q Yes, sir.

24 A Right.

25 Q All right, did you have involvement in the prepara-

1 tion of that?

2 A Of the 1023? I -- sure, I reviewed it.

3 Q Now, when Trinity Broadcasting of Arizona's articles  
4 of incorporation were prepared, did you have any discussion or  
5 conversations with anybody as to whether any special provi-  
6 sions should be drafted for that corporation?

7 A No, that was a matter of Arizona law.

8 Q So you left that to the Arizona attorney.

9 A I left, left that to Mr. Hutchison.

10 Q Mr. Hutchison was the Arizona attorney as well as a  
11 CPA?

12 A He's both.

13 Q Both.

14 A He isn't a CPA for Trinity but he, he, he, he's  
15 certified as a CPA.

16 Q Now, when Trinity Broadcasting of Arizona's bylaws  
17 were prepared, did you have any discussions with anyone to  
18 determine what, if any, special provisions should be drafted  
19 for the bylaws?

20 A Not that I can recall. I may have provided a form.

21 Q When Trinity Broadcasting of Arizona was formed,  
22 were there any special provisions drafted to protect  
23 Paul Crouch's position as a member of the board or as presi-  
24 dent of that corporation?

25 A I'm -- I, I, I can't recall. I can't recall when we

1 adopted those, those specific provisions.

2 Q Well, I was going to lead up to that but we could  
3 cover it in part now. The information that we have is that  
4 there are -- there is evidence that Trinity Broadcasting  
5 Networks bylaws were amended -- I believe it was 1978 or 1979,  
6 I don't have the date right now --

7 A Yeah.

8 Q -- in front of me -- to provide some protection to  
9 Paul Crouch. The question that I have is were the bylaws of  
10 Trinity Broadcasting of Arizona amended at the same time?

11 A That -- the, the -- when that resolution was passed,  
12 the intent was and the discussion was that this would apply to  
13 all of the Trinity Broadcasting corporations. Now, whether  
14 they were physically or not, I can't say.

15 Q So --

16 MR. TOPEL: Your Honor, may I have 1 minute with  
17 Mr. Shook.

18 JUDGE CHACHKIN: Yes. We're off the record.

19 (Whereupon, a brief recess was taken.)

20 JUDGE CHACHKIN: Yes?

21 MR. TOPEL: To put on the record, I just reminded  
22 Mr. Shook, which he remembered, that we have promised to  
23 provide a stipulation on this issue of bylaws, and when they  
24 were amended, and what they said. I'm not raising any objec-  
25 tion to getting Mr. Juggert's best recollection of these

1 events but some of them go back a fair amount of time and we  
2 are going to stipulate to the actual facts --

3 JUDGE CHACHKIN: All right.

4 MR. TOPEL: -- when we pull all the documents  
5 together.

6 JUDGE CHACHKIN: At this juncture, Mr. Juggert, it  
7 might be helpful for the record, since there's been many  
8 references to the attempts to take over the board --

9 MR. JUGGERT: Uh-huh.

10 JUDGE CHACHKIN: -- if you could briefly sketch for  
11 us what happened when Trinity was first came into existence.

12 MR. JUGGERT: In terms of takeovers?

13 JUDGE CHACHKIN: Yes, in terms of takeovers.

14 MR. JUGGERT: Okay. The, the first instance was  
15 with Jim Bakker, and there was a -- Jim Bakker and a fellow  
16 from North Carolina were -- Jim was on the board and there was  
17 a fellow from North Carolina who had made a corporation avail-  
18 able for the, the, the Trinity group to use, and all of the  
19 effort and all of the assets were really the, the product of  
20 Paul Crouch that went into that corporation. I believe it was  
21 called Trinity Broadcasting Systems at the time. It soon  
22 became clear that Jim Bakker and his associate were assuming a  
23 role in which they intended to take control of the corporation  
24 by manipulating some other board members. We then formed, at  
25 a subsequent date, formed our own corporation which was

1 Trinity Broadcasting Network and brought Ralph Wilkerson on  
2 board, Howard Vandeman, and Jim Bakker was brought onto that  
3 corporation along with myself and Paul Crouch. The corpora-  
4 tion was in dire need of, of funds and entered into an agree-  
5 ment with, with Ralph Wilkerson's church which was a church  
6 in, in Anaheim, and that's where the -- this agreement that  
7 I've referred to earlier as being illegal was drafted that  
8 gave that church's board complete control over Trinity's  
9 board. I was young and, and didn't realize it at the time,  
10 but fortunately it worked out to our advantage. I discovered  
11 it was illegal; declared it was illegal; and we severed that,  
12 that relationship. There were threatened lawsuits, a number  
13 of meetings. There -- during that time, we were virtually  
14 under the heel of that particular church. They were demanding  
15 that we move on their premises; they were controlling our  
16 programming. We were just totally beholden to them. There  
17 was another time after Ralph Wilkerson left. We put two  
18 members of a large organization known as "Full  
19 Gospel Businessmen," a national organization, on the board,  
20 the president, Demos Shakarian, and another officer,  
21 Paul Toberty. The two of them had meetings and actually had  
22 some meetings where they attempted to sway me into their camp  
23 to, to oust Paul Crouch, and wanted to take it over and make  
24 it a part of, of Full Gospel. We had some horrendous meetings  
25 with, with, with them where we -- just, just terrible

1 arguments and nothing was accomplished. They were totally  
2 opposed to the expansion of the network. Faith Center in LA  
3 had had all kinds of financial trouble. They said, "You're  
4 going to take this down the tube like Faith Center." We  
5 eventually -- they, they could see that I was siding with  
6 Paul Crouch and both of them eventually resigned. There was  
7 also a period where Howard Vandeman had demanded that he have  
8 his way with respect to the structure of the board and  
9 threatened a lawsuit, and within a week of him threatening the  
10 lawsuit he died of a massive heart attack. So that's  
11 basically the -- when we talk about history of takeovers,  
12 that's what, what led up to that.

13 JUDGE CHACHKIN: So then after all these takeover  
14 attempts it was just you and Paul Crouch, correct?

15 MR. JUGGERT: Right.

16 JUDGE CHACHKIN: Until Miss Duff came on.

17 MR. JUGGERT: Until Miss Duff, yes.

18 JUDGE CHACHKIN: Go ahead, counselor.

19 BY MR. SHOOK:

20 Q Would it be fair to state that the primary goal for  
21 Trinity Broadcasting of Arizona was to provide an outlet for  
22 Trinity Broadcasting Network in the Phoenix area?

23 A And, and do -- and to do local programming, too.  
24 Primary would be -- the bulk of its programming was the net-  
25 work programming.

1 Q I didn't catch that.

2 Q The bulk of its program was to be network program-  
3 ming.

4 Q Now, in the course of filling out the Internal  
5 Revenue Service form for Trinity Broadcasting of Arizona --

6 MR. SHOOK: And I think for purposes of this I'd --  
7 what I'd like to do is, is hand out copies to everyone,  
8 Your Honor, so --

9 JUDGE CHACHKIN: Is this going to be a Bureau  
10 exhibit?

11 MR. SHOOK: Yes, I believe it should so I'd like  
12 this marked for identification as Mass Media Bureau Exhibit --  
13 I believe it's 415.

14 JUDGE CHACHKIN: 415 is correct, yes. All right, a  
15 document consisting of an application for recognition of  
16 exemption for Trinity Broadcasting of Arizona, Inc., will be  
17 marked for identification as Mass Media Bureau Exhibit 415.

18 (Whereupon, the document referred to  
19 as Mass Media Bureau Exhibit 415 was  
20 marked for identification.)

21 BY MR. SHOOK:

22 Q Initially, Mr. Juggert, I'd like you to focus your  
23 attention on Part 3, Question 5, which appears on the third  
24 page, and you will see that the first question, which is,  
25 "Does the organization control or is it controlled by any

1 other organization?" that that was responded to in the nega-  
2 tive.

3 A That's true.

4 Q Now, I take it from your explanation given to  
5 Mr. Cohen earlier today about the same question and answer  
6 relative to the Translator TV, Inc. Form 1023 that the same  
7 rationale applied, that is, that there is no, or there was no,  
8 written contract or written agreement that obligated the board  
9 of Trinity Broadcasting of Arizona to act in a fashion inimi-  
10 cal to its interests.

11 A Or oral.

12 Q Or oral agreements.

13 A That's true.

14 Q But the control question here being responded to in  
15 the negative had nothing to do with whether or not there was a  
16 majority of the board that happened to also be at least 50  
17 percent, if not a majority of the board, of Trinity  
18 Broadcasting Network.

19 A That's covered by the second sentence.

20 Q Simply in terms of "is the organization an outgrowth  
21 or have a special relationship," that's what you're referring  
22 to?

23 A Or "by reason of interlocking directorates or other  
24 factors."

25 Q I see. I think, I think you said in responding to a

1 question that I had earlier that when Trinity Broadcasting of  
2 Arizona was formed, it was envisioned that Trinity  
3 Broadcasting of Arizona would use TBN programming, and I think  
4 you said for the bulk of its programming?

5 A I would say the majority of its programs, yes.

6 Q The majority of its programming. It was also envi-  
7 sioned that the -- Trinity Broadcasting of Arizona would  
8 produce local programming.

9 A Yes.

10 Q Now, was it also envisioned that some of the pro-  
11 gramming produced by Trinity Broadcasting of Arizona would be  
12 utilized by other stations, either affiliated or not affili-  
13 ated with Trinity?

14 A I know that that happened. I, I can't recall if  
15 that was the original thought but I do know that that hap-  
16 pened.

17 Q To pay for the Phoenix, the Trinity Broadcasting  
18 Network loaned Trinity Broadcasting of Arizona the necessary  
19 funds.

20 A I believe they did. That's the only source.

21 Q Do you have any understanding as to whether the loan  
22 from Trinity Broadcasting Network to Trinity Broadcasting of  
23 Arizona was evidence by a note or a security agreement?

24 A I don't know. I don't recall one being drafted.

25 Q Was it your understanding that the loan from the

1 network to Arizona was simply reflected on the network's books  
2 as an advance?

3 A I, I believe that that's the case.

4 Q And what understanding, if any, existed as to how  
5 Arizona was going to repay the loan or advance made by the  
6 network?

7 A I -- to my knowledge, there was just an informal  
8 understanding that when the corporation began to produce  
9 revenues that those could be transferred to the -- to Trinity  
10 Christian Center.

11 Q And what understanding, if any, was there for deter-  
12 mining what would be credited to Arizona with respect to  
13 contributions made to the network by persons residing in the  
14 Phoenix area?

15 A The, the, the donations would be credited to, to  
16 Trinity Broadcasting of Arizona if they were made payable to  
17 the Arizona station or if there was a -- an estate, it would  
18 be credited to the Arizona station. If the check was made out  
19 to Trinity Broadcasting Network, that would be the network's  
20 check.

21 Q Regardless of whether it came from someone who  
22 resided in the Phoenix area?

23 A I don't think that that, I don't think that that  
24 mattered with respect to Trinity Broadcasting of Arizona.

25 Q Wasn't the understanding that the principal, if not

1 the only, way that Trinity Broadcasting of Arizona could pay  
2 off its obligations to the network was through monies credited  
3 to Arizona from viewers and supporters in the Phoenix area?

4 A I think that it, I think that it was allocated some  
5 money from -- it always has been allocated money that came in  
6 from programmers who paid to be on the network. A certain  
7 amount was allocated for each of the, the stations.

8 Q In that sense, then, I'd like you to refer to  
9 Form 1023 for Arizona that's been identified as Mass Media  
10 Exhibit 414 and take a look at Part 3, number 1.

11 A Yes, I see that.

12 Q Yeah, so my question is wasn't it envisioned that,  
13 basically, Arizona was going to raise money through contribu-  
14 tions from local viewers and supporters and that, according to  
15 this, only about 10 percent was going to come from time and  
16 production sales. Do you see that?

17 A Yes. Yes.

18 Q Now is this, is this accurate in terms of how the  
19 money was expected to come in and how, in fact, it did come  
20 in?

21 A I think that was our best estimate at the time.  
22 I'd -- I, I can't tell you if that's how it, how it did come  
23 in.

24 Q And what role, if any, did the board of Trinity  
25 Broadcasting of Arizona have in determining the method and the

1 timing of repaying advances made to it by TBN?

2 A The board had the ability to cancel indebtedness;  
3 cancel the, the debits and credits between the corporations.

4 Q Well, what I'm talking about at this point is the  
5 Arizona board's --

6 A What, what role --

7 Q -- decision for -- what, what I'm focusing on is did  
8 the board of Arizona, Trinity Broadcasting of Arizona -- what  
9 role did it have in determining methods and timing of repaying  
10 advances made to it by TBN?

11 A That board had the ability to demand at any particu-  
12 lar time that that money that would show up on the financial  
13 statement as income from Arizona, had the, the ability at any  
14 time to demand that that be credited to its account, and that,  
15 that the debit that it owed be canceled or reduced.

16 Q And in your position as a board member of Trinity  
17 Broadcasting of Arizona, has that decision been made from time  
18 to time?

19 A I don't think -- yeah, I think that Trinity of  
20 Arizona was out of debt after a short time. Trinity of  
21 Arizona did very well, and there was a great deal of income  
22 distributed to Arizona.

23 Q And then the Arizona board made the decision to pay  
24 off its -- pay off the advance to, to the network?

25 A Yes. I don't know if that was in the form of a

1 resolution but that was the, the, the intent from the very  
2 beginning of, of that board's -- well, a part of that board.

3 Q Then it's your testimony that the board of Arizona  
4 made that decision to pay off as opposed to the Trinity  
5 Broadcasting Network making a decision that, "There is money  
6 here so we're going to take it"?

7 A There is -- "Yeah, we'll credit it."

8 Q All right, so what, what was the situation then?

9 A Well, the, the money would, would come in -- usually  
10 the money would come in from Arizona and I can't remember how  
11 far back but near the beginning of the -- from the beginning  
12 of the corporation, separate accounts were kept on as to, to  
13 income that could be attributable to Arizona, and that would  
14 have been credited to the Arizona account in terms of debts or  
15 in terms of paying their debts.

16 Q And what I'm trying to ascertain is who was involved  
17 in making the decision as to what should be viewed as simply  
18 income that should show up for Arizona and then be retained by  
19 Arizona, and what should be used -- money that came in to be  
20 credited to Arizona and now Arizona is going to pay it back to  
21 the network.

22 A That would have been up to the Trinity Broadcasting  
23 board.

24 Q The Trinity Broadcasting Network board?

25 A Yes.

1 Q But not the Arizona board.

2 A Well, the Arizona board would have to be involved if  
3 it was going to have an adverse effect on them.

4 Q Well, I mean, if you don't remember that's --

5 A Yeah, I --

6 Q -- that's one thing but --

7 A I do remember that it was -- that, that we were  
8 amazed at the amount of income and how quickly their debt was  
9 reduced.

10 JUDGE CHACHKIN: Is this a convenient time for a  
11 recess for the day or you finishing up on something?

12 MR. SHOOK: Right, there were -- I was going to go  
13 into non-financing matters, so this, this will be fine.

14 JUDGE CHACHKIN: All right, we'll be in recess until  
15 9:30 tomorrow morning.

16 (Whereupon, a recess was taken until January 11,  
17 1994.)

18

19

20

21

22

23

24

25